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**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA**

**Financial Report
For the Year Ended June 30, 2001**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/6/02

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2001

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MONROE, LOUISIANA**

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Independent Auditors' Report

City of Monroe School Board Monroe, Louisiana

We have audited the accompanying general purpose financial statements of the **City of Monroe School Board** (the School Board) as of and for the year ended June 30, 2001, as listed in the accompanying Table of Contents. These general purpose financial statements are the responsibility of the School Board's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

*We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.*

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the School Board as of June 30, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2002 on our consideration of the School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance

with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As further discussed in Note 15, the School Board has suffered recurring losses for the past three years in the General Fund and the School Food Service Special Revenue Fund. These funds have deficit fund balances of approximately \$2.7 million and \$650,000, respectively. The impact on the School Board's ability to continue to meet its obligations is dependent upon successful execution of its deficit reduction plan. The accompanying financial statements contain no adjustments which might be required, if any, from the outcome of this uncertainty.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the School Board taken as a whole. The accompanying financial information listed as Schedules in the Table of Contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The financial information for the previous year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the School Board.



(A Professional Accounting Corporation)

February 4, 2002

**GENERAL PURPOSE FINANCIAL STATEMENTS
COMBINED STATEMENTS - OVERVIEW**

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS				
Cash and Cash Equivalents	\$ 583,133	\$ 2,483,630	\$ 1,521,955	\$ 296,012
Investments	250,000	-	-	606,184
Accounts Receivable	671,550	821,645	56,916	-
Due From Other Governments:				
Due From Federal Sources	-	3,218,126	-	-
Due From State Sources	-	585,241	-	-
Due From Other Funds	6,264,068	548,240	2,397,810	-
Inventory and Prepaid Expenses	15,691	140,749	-	-
General Fixed Assets	-	-	-	-
Amount Available in Debt Service Fund	-	-	-	-
Amount to be Provided for the Retirement of General Long-Term Obligations	-	-	-	-
TOTAL ASSETS	\$ 7,784,442	\$ 7,797,631	\$ 3,976,681	\$ 902,196
LIABILITIES AND FUND EQUITY				
Liabilities				
Bank Overdraft	\$ 1,903,926	\$ -	\$ -	\$ -
Accounts Payable	188,456	399,204	-	6,923
Retainage Payable	-	-	-	184,171
Salaries and Wages Payable	3,752,981	1,602,717	-	-
Due to Other Funds	4,630,422	4,566,388	-	13,308
Amounts Held for Other Organizations	-	-	-	-
Deferred Revenues	-	-	-	-
General Obligation Bonds Payable	-	-	-	-
Certificates of Indebtedness Payable	-	-	-	-
Obligation for Compensated Absences	-	-	-	-
Total Liabilities	10,475,785	6,568,309	-	204,402
Fund Equity				
Investment in General Fixed Assets	-	-	-	-
Fund Balance (Deficit):				
Reserved for Capital Improvements	-	-	-	697,794
Reserved for Debt Service	-	-	3,976,681	-
Reserved for Salaries and Wages	-	1,870,961	-	-
Unreserved/Undesignated	(2,691,343)	(641,639)	-	-
Total Fund Equity (Deficit)	(2,691,343)	1,229,322	3,976,681	697,794
TOTAL LIABILITIES AND FUND EQUITY	\$ 7,784,442	\$ 7,797,631	\$ 3,976,681	\$ 902,196

The accompanying notes are an integral part of this financial statement.

Fiduciary Fund Type	Account Groups		Total	
	General	General	(Memorandum Only)	
	Fixed Assets	Long-Term Obligations	June 30, 2001	June 30, 2000
Agency Funds				
\$ 508,410	\$ -	\$ -	\$ 5,393,140	\$ 7,177,256
10,753	-	-	866,937	362,858
-	-	-	1,550,111	2,401,755
-	-	-	3,218,126	4,673,783
-	-	-	585,241	325,443
-	-	-	9,210,118	9,376,352
-	-	-	156,440	109,663
-	71,940,833	-	71,940,833	68,367,326
-	-	3,976,681	3,976,681	3,670,255
-	-	49,007,802	49,007,802	50,313,085
<u>\$ 519,163</u>	<u>\$ 71,940,833</u>	<u>\$ 52,984,483</u>	<u>\$ 145,905,429</u>	<u>\$ 146,777,776</u>
\$ -	\$ -	\$ -	\$ 1,903,926	\$ -
-	-	-	594,583	1,610,776
-	-	-	184,171	-
-	-	-	5,355,698	6,832,015
-	-	-	9,210,118	9,376,352
519,163	-	-	519,163	587,742
-	-	-	-	2,126
-	-	49,415,000	49,415,000	50,575,000
-	-	1,255,000	1,255,000	1,380,000
-	-	2,314,483	2,314,483	2,028,340
<u>519,163</u>	<u>-</u>	<u>52,984,483</u>	<u>70,752,142</u>	<u>72,392,351</u>
-	71,940,833	-	71,940,833	68,367,326
-	-	-	697,794	3,646,692
-	-	-	3,976,681	3,670,255
-	-	-	1,870,961	1,727,384
-	-	-	(3,332,982)	(3,026,232)
<u>-</u>	<u>71,940,833</u>	<u>-</u>	<u>75,153,287</u>	<u>74,385,425</u>
<u>\$ 519,163</u>	<u>\$ 71,940,833</u>	<u>\$ 52,984,483</u>	<u>\$ 145,905,429</u>	<u>\$ 146,777,776</u>

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2000**

	General	Special Revenue	Debt Service	Capital Project	Total (Memorandum Only)	
					June 30, 2001	June 30, 2000
Revenues						
Local Sources:						
Taxes:						
Ad Valorem	\$ 7,514,791	\$ -	\$ 5,512,886	\$ -	\$ 13,027,677	\$ 12,803,756
Sales and Use Taxes	-	10,006,856	-	-	10,006,856	9,967,558
Earnings on Investments	21,269	81,097	11,050	57,381	170,797	494,278
Other	238,023	301,388	-	-	539,411	431,126
State Sources:						
Unrestricted Grants-in-Aid	25,953,616	568,500	-	-	26,522,116	24,388,808
Restricted Grants-in-Aid	755,606	725,886	-	-	1,481,492	1,153,602
State Contributions to Retirement Systems	43,392	-	-	-	43,392	54,672
Federal Sources:						
Restricted Grants-in-Aid:						
Direct	71,642	1,082,429	-	-	1,154,071	1,395,564
Subgrants	-	9,049,444	-	-	9,049,444	9,110,084
Total Revenues	34,598,339	21,815,600	5,523,936	57,381	61,995,256	59,799,448
Expenditures						
Current:						
Instruction:						
Regular Programs	13,268,881	6,218,332	-	-	19,487,213	18,703,091
Special Programs	5,415,589	6,956,612	-	-	12,372,201	11,461,851
Support Services:						
Student Services	1,382,311	5,489,511	-	-	6,871,822	5,671,065
Instructional Staff	296,501	1,063,518	-	-	1,360,019	1,685,798
General Administration	4,851,782	113,656	-	-	4,965,438	6,761,820
School Administration	1,724,536	374,409	-	-	2,098,945	1,967,650
Business Services	788,131	40,364	-	-	828,495	501,382
Plant Services	4,688,860	357,106	-	-	5,045,966	3,912,067
Transportation	1,749,444	157,817	-	-	1,907,261	1,926,623
Other Support	473,230	435,632	-	-	908,862	791,781
Capital Outlay	39,785	411,340	-	3,096,044	3,547,169	4,411,070
Debt Service	-	-	5,407,510	-	5,407,510	5,444,706
Total Expenditures	34,679,050	21,618,297	5,407,510	3,096,044	64,800,901	63,238,904
Excess (Deficiency) of Revenues Over Expenditures	(80,711)	197,303	116,426	(3,038,663)	(2,805,645)	(3,439,456)
Other Financing Sources (Uses)						
Operating Transfers In	423,597	319,552	190,000	89,765	1,022,914	674,384
Operating Transfers (Out)	(784,985)	(237,929)	-	-	(1,022,914)	(674,384)
Transfer of Indirect Cost	216,863	(216,863)	-	-	-	-
Proceeds of Refunding Debt	22,565,000	-	-	-	22,565,000	-
Payment to Refunded Debt Escrow Agent	(22,565,000)	-	-	-	(22,565,000)	-
Total Other Financing Sources (Uses)	(144,525)	(135,240)	190,000	89,765	-	-
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(225,236)	62,063	306,426	(2,948,898)	(2,805,645)	(3,439,456)
Fund Balance (Deficit) at Beginning of Year	(2,466,107)	1,167,259	3,670,255	3,646,692	6,018,099	9,457,555
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ (2,691,343)	\$ 1,229,322	\$ 3,976,681	\$ 697,794	\$ 3,212,454	\$ 6,018,099

The accompanying notes are an integral part of this financial statement.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>General Fund</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
Local Sources:			
Ad Valorem Taxes	\$ 7,514,791	\$ 7,252,167	\$ 262,624
Earnings on Investments	21,269	35,000	(13,731)
Other	238,023	208,200	29,823
State Sources:			
Unrestricted Grants-in-Aid	25,953,616	26,328,385	(374,769)
Restricted Grants-in-Aid	755,606	583,373	172,233
Other State Revenue	43,392	43,400	(8)
Federal Sources:			
Restricted Grants-in-Aid:			
Direct	71,642	69,000	2,642
Total Revenues	<u>34,598,339</u>	<u>34,519,525</u>	<u>78,814</u>
Expenditures			
Current:			
Instruction:			
Regular Programs	13,268,881	12,113,827	(1,155,054)
Special Programs	5,415,589	4,114,340	(1,301,249)
Support Services:			
Student Services	1,382,311	1,171,750	(210,561)
Instructional Staff	296,501	344,375	47,874
General Administration	4,851,782	7,050,239	2,198,457
School Administration	1,724,536	1,686,050	(38,486)
Business Services	788,131	440,750	(347,381)
Plant Services	4,688,860	4,471,755	(217,105)
Transportation	1,749,444	1,701,745	(47,699)
Other Support	473,230	331,120	(142,110)
Capital Outlay	39,785	-	(39,785)
Total Expenditures	<u>34,679,050</u>	<u>33,425,951</u>	<u>(1,253,099)</u>
Excess (Deficiency) of Revenues Over Expenditures	(80,711)	1,093,574	(1,174,285)
Other Financing Sources (Uses)			
Operating Transfers In	423,597	110,000	313,597
Operating Transfers (Out)	(784,985)	(1,223,412)	438,427
Transfer of Indirect Cost	216,863	220,000	(3,137)
Total Other Financing Sources (Uses)	<u>(144,525)</u>	<u>(893,412)</u>	<u>748,887</u>
Excess (Deficiency) of Revenues Over Expenditures and other Financing Sources (Uses)	(225,236)	200,162	(425,398)
Fund Balance (Deficit) at Beginning of Year	<u>(2,466,107)</u>	<u>(2,466,107)</u>	<u>-</u>
FUND BALANCE (DEFICIT) AT END OF YEAR	<u>\$ (2,691,343)</u>	<u>\$ (2,265,945)</u>	<u>\$ (425,398)</u>

The accompanying notes are an integral part of this financial statement

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Special Revenue Funds</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues			
Local Sources:			
Sales and Use Taxes	\$ 10,006,856	\$ 9,900,000	\$ 106,856
Earnings on Investments	81,097	73,000	8,097
Other	301,388	292,181	9,207
State Sources:			
Unrestricted Grants-in-Aid	568,500	-	568,500
Restricted Grants-in-Aid	725,886	871,616	(145,730)
Federal Sources:			
Restricted Grants-in-Aid:			
Direct	1,082,429	1,170,833	(1,170,833)
Subgrants	9,049,444	10,129,469	(1,080,025)
Total Revenues	<u>21,815,600</u>	<u>22,437,099</u>	<u>(621,499)</u>
Expenditures			
Current:			
Instruction:			
Regular Programs	6,218,332	8,849,799	2,631,467
Special Programs	6,956,612	4,971,384	(1,985,228)
Support Services:			
Student Services	5,489,511	5,194,856	(294,655)
Instructional Staff	1,063,518	1,393,317	329,799
General Administration	113,656	18,550	(95,106)
School Administration	374,409	374,892	483
Business Services	40,364	43,000	2,636
Plant Services	357,106	412,183	55,077
Transportation	157,817	214,941	57,124
Other Support	435,632	1,161,359	725,727
Capital Outlay	411,340	238,151	(173,189)
Total Expenditures	<u>21,618,297</u>	<u>22,872,432</u>	<u>1,254,135</u>
Excess (Deficiency) of Revenues Over Expenditures	197,303	(435,333)	632,636
Other Financing Sources (Uses)			
Operating Transfers In	319,552	889,412	(569,860)
Operating Transfers (Out)	(237,929)	(206,000)	(31,929)
Transfer of Indirect Cost	(216,863)	(250,579)	33,716
Total Other Financing Sources (Uses)	<u>(135,240)</u>	<u>432,833</u>	<u>(568,073)</u>
Excess (Deficiency) of Revenues Over Expenditures and other Financing Sources (Uses)	62,063	(2,500)	64,563
Fund Balance at Beginning of Year	<u>1,167,259</u>	<u>1,167,259</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,229,322</u>	<u>\$ 1,164,759</u>	<u>\$ 64,563</u>

The accompanying notes are an integral part of this financial statement

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Note 1 - Summary of Significant Accounting Policies

ORGANIZATION

The City of Monroe School Board (the School Board) is governed by a seven-member board, each of whom is elected from a single member district. It operates under the authority of the City of Monroe Charter of 1900, as amended by the Mayor-Council Home Rule Charter for the City of Monroe, adopted in August 1979. The School board is authorized to establish and operate public schools within the City of Monroe.

The school system is composed of a central office, 20 schools and 2 support facilities. The school system serves approximately 10,250 students. The School Board employs approximately 1,440 persons of which over 800 are directly involved in the instructional process. The remainder provide ancillary support such as general administration, repair and maintenance, bus transportation and food service. The regular school term normally begins during the latter half of August and runs until the end of May.

REPORTING ENTITY

The School Board is the basic level of government which has oversight responsibility and control over all activities related to public school education in the city of Monroe. The School Board receives funding from Federal, state and local sources and must comply with the requirements of those funding source entities. However, the School Board is not included in any other governmental reporting entity as defined by Governmental Accounting Standards Board (GASB) Statement No. 14 *The Reporting Entity*, since the members of the School Board are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

A. Fund Accounting

The accounts of the School Board are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds and account groups used in this report as compared to School Board terminology are as follows:

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

<u>This Report</u>	<u>School Board Terminology</u>
General Fund	General Fund Payroll Fund Insurance Funds
Special Revenue Funds	Title I, II and VI Grant Programs Special Education Grant Programs Vocational and Adult Education Funds Magnet Schools Assistance Program Funds School Food Service Funds Sales Tax Funds State Grant Funds Drug Free Funds Magnet School Funds Other Special Revenue Funds
Capital Projects Fund	Construction Fund
Debt Service Funds	Bond Redemption Fund Loan Repayment Fund
Fiduciary Fund Type - Agency	School Activity Funds
General Fixed Assets Account Group	Real Estate, Furniture, Fixtures and Equipment Accounts
General Long-Term Debt Account Group	Accumulated Compensated Absences, Bonds and Certificates of Indebtedness

Governmental resources are allocated to and accounted for in the individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds are grouped into the following generic fund types:

GOVERNMENTAL FUNDS

All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental *fund operating statements* present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

The School Board uses the following governmental fund types:

General Fund - The General Fund is the general operating fund of the School Board. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted for specific expenditure purposes, as follows:

Title I of the Elementary and Secondary Education Act (ESEA) is a Federally-financed program for educationally deprived school children residing in areas having high concentrations of children from low-income families. The Title I services are provided through various projects which are designed to meet the special needs of educationally deprived children. The activities supplement rather than replace state and locally mandated activities.

Title II (Eisenhower Professional Development) of ESEA is a Federal program which provides funds for math and science related programs.

Title VI of ESEA is a Federal program which provides funds to the School Board for equipment, books, supplies and other approved grant items.

Special Education Programs include Federally financed programs established under various public laws to provide free appropriate education for all identified handicapped children from preschool to 21 years of age in the least restrictive environment.

Vocational and Adult Education Funds are used to more fully develop the academic and occupational skills of students to enhance their ability to compete in a technologically advancing workplace.

School Food Services is used to account for the activities of school food services, breakfast and lunch revenues and expenditures incurred in providing services to pupils.

The Sales Tax Funds account for the collection and distribution of the sales tax levies for the School Board. All of the sales taxes collected under the pre-1994 tax is dedicated to supplement other revenues available to the School Board for the

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

payment of salaries of teachers and other School Board personnel. Of the tax passed by the voters in 1994, seventy percent of the tax collected is dedicated for similar purposes, with the balance dedicated for instructional purposes.

State Grant Funds are used to account for the proceeds of specific state grants supporting the Supplemental Instruction Program, Textbooks, Model Early Childhood, Gifted/Talented and other specific programs.

Drug Free Schools Funds (Title IV of ESEA) are used for raising the drug abuse awareness of students and to provide an atmosphere for a drug-free learning environment.

The Other Special Revenue Funds account for various grants provided to the School Board by government, corporate and other grantors.

Debt Service Funds - The Debt Service Funds are used to accumulate resources used for the payment of long-term indebtedness principal, interest and related fiscal charges.

Capital Projects Fund - This fund is used to account for resources accumulated and expended for the acquisition or construction of general fixed assets.

FIDUCIARY FUNDS

Agency Funds - These funds are used to account for assets held by the School Board in a trustee capacity or as an agent for individuals, private organizations or other governmental units and/or other funds. The School Activity Fund accounts for all individual school activity funds. While these funds are under the supervision of the School Board, they belong to the individual schools or their student bodies and are not available for use by the School Board.

ACCOUNT GROUPS

Account groups are not "funds". Rather, they are concerned only with the measurement of financial position related to noncurrent assets (general fixed assets) and noncurrent liabilities (general long-term debt). They are not involved with measurement of results of operations. The School Board uses the following account groups:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School Board except those reported in the City of Monroe, Louisiana, financial statements.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

General Long-Term Debt Account Group - This account group is established to account for all long-term obligations of the School Board, including compensated absences and bond obligations.

B. Total Columns on Combined Statements-Overview

Total columns on the Combined Statements-Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis and do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental and agency funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

D. Budgets

Annual appropriated budgets are adopted by the School Board on the General Fund, all Special Revenue Funds, the Capital Projects Fund and the Debt Service Fund. Budgets are prepared on the modified accrual basis of accounting. Budget amounts included in the accompanying general purpose financial statements include the original adopted budget plus all amendments. The School Board follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Superintendent submits to the School Board a proposed consolidating General Fund operating budget for the succeeding year.
2. This proposed consolidating budget is adopted by the School Board no later than September 15 of that succeeding year, with the final amended budget for the current year being adopted in June.
3. A public hearing is scheduled by the School Board after allowing for at least ten days notice to the public at the time the proposed budget is initially submitted to the Board.

**CITY OF MONROE SCHOOL BOARD
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4. Any revision requiring alteration of levels of expenditures or transfers between funds must be approved by the School Board.
5. *Operating appropriations, to the extent not expended, lapse at year end.*

E. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Outstanding encumbrances are reversed at year end, resulting in liabilities and expenditures in the individual funds.

F. Investments

Investments, consisting of certificates of deposit, are stated at amortized cost in accordance with the provisions of GASB Statement No. 31.

G. Inventories

Inventory of the School Food Service Fund consists of food and supplies. The inventories are recorded as an expenditure as they are consumed. Inventory is valued at cost on the first-in, first-out (FIFO) method. Commodities provided to the School Board by the United States Department of Agriculture (USDA) through the state Department of Education are reflected as revenue when received and as an expenditure when consumed. Commodities are valued at amounts assigned by the USDA.

H. General Fixed Assets and Long-Term Liabilities

General Fixed Assets - General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the General Fixed Assets Account Group (GFAAG). Donated assets are recorded at fair market value on the date of the donation. Where historical cost and other relevant data are unavailable, various equipment and structures on school premises have been stated at estimated historical cost as determined by applying construction cost indexes to estimated replacement cost as permitted by National Council on Governmental Accounting Statement 1, Paragraph 47.

**CITY OF MONROE SCHOOL BOARD
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General fixed asset values determined by use of estimates is less than 20%. No depreciation has been provided on general fixed assets.

Long-Term Debt - Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from available spendable resources is reported as a fund liability of a governmental fund. The remaining portion is reported in the General Long-Term Debt Account Group (GLTDAG). The School Board reports accumulated sick leave, outstanding bond indebtedness and other long-term debt obligations in the GLTDAG.

I. Fund Reserves

Fund reserves are portions of fund equity that are legally restricted for future use and are therefore not available for current operations. The fund balance reserved for inventories represents the cost of inventories on hand and is, therefore, not available for expenditures.

J. Compensated Absences

All employees receive ten sick days each year, with the unused portion being accumulated and carried forward. Upon retirement, employees with twenty years of service or more are paid for up to 25 days of accumulated sick leave. Only employees who work 12 calendar months per year earn vacation days. Effective July 1, 1994 the School Board revised its policy regarding payment of accumulated vacation days to allow for a maximum accumulation and payment of no more than 30 days with persons credited with days in excess of 30 as of the effective date being grandfathered in at their current accumulation up to 45 days.

K. Sales and Use Taxes

The voters of Ouachita Parish authorized the City of Monroe School Board and the Ouachita Parish School Board to jointly levy and collect a 1/2 of 1% sales and use tax. The net proceeds of the tax are to be allocated and prorated between the two school boards annually on the basis of average daily membership for the preceding school year. Eighty-eight percent of the sales and use tax revenues received by the School Board is to be used for the payment of the salaries for teachers, as defined by the Louisiana State Department of Education and the remaining twelve percent is to be used for the payment of salaries to designated personnel other than teachers. In March, 1994, the voters of the City of Monroe approved the levy of a 1/2 of 1% sales and use tax effective July 1, 1994. The net proceeds of the tax are to supplement salaries and benefits of certified teachers and other personnel and to

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

provide additional funds for instructional activities.

L. Comparative Total Data

Comparative total data for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the School Board's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand. Various reclassifications have been made to the prior year financial statements to make them comparable to current year presentation.

Note 2 - Deficit Fund Balances

A deficit unreserved/undesignated fund balance of approximately \$2.7 million exists in the General Fund, and the School Food Services Special Revenue Fund has a deficit of approximately \$650,000. It is expected that these deficits will be cleared by future revenues and operational changes within the school system (See Note 15).

Note 3 - Cash and Certificates of Deposit

The School Board's cash and certificates of deposit consist of deposits with financial institutions. The certificates of deposit have varying maturities. State statutes govern the School Board's investment policy. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations and repurchase agreements. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates the local government investment pool. Collateral is required for demand deposits, certificates of deposit, savings certificates of savings and loan associations and repurchase agreements at 100% of all amounts not covered by deposit insurance. Obligations that may be pledged as collateral are obligations of the United States government and its agencies and obligations of the state and its subdivisions.

The following is a schedule of the School Board's cash and certificates of deposit at June 30, 2001. Differences between School Board and bank balances arise because of the net effect of deposits in transit and outstanding checks.

**CITY OF MONROE SCHOOL BOARD
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	<u>School Board Balance</u>		<u>Bank Balance</u>
Cash on Deposit	\$ 1,558,692	\$	2,559,613
Cash Equivalents:			
LAMP Investments	1,000,504		1,209,754
Other	249,476		249,476
Certificates of Deposit	<u>250,000</u>		<u>250,000</u>
 TOTAL	 \$ <u>3,058,672</u>	 \$	 <u>4,268,843</u>

The School Board's investments and deposits at June 30, 2001 are categorized below to give an indication of the level of risk assumed by the School Board at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the School Board or its safekeeping agent in the School Board's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or safekeeping agent in the School Board's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution, or by its trust department or safekeeping agent but not in the School Board's name.

	<u>Risk Category</u>	
	<u>1</u>	<u>2</u>
Insured Deposits	\$ 300,000	\$ -
Uninsured Deposits:		
Collateralized	<u>2,562,405</u>	<u>1,109,754</u>
 Total Deposits	 \$ <u>2,862,405</u>	 \$ <u>1,109,754</u>

Investments of the School Board as of June 30, 2001 consisting of a certificate of deposit with a carrying and market value of \$250,000 and is held by the School Board's agent in the School Board's name, and are considered collateralized (Risk Category 1).

Note 4 - Ad Valorem Taxes

The Ouachita Parish Tax Collector bills and collects property taxes for the School Board using the assessed values determined by the tax assessor of Ouachita Parish. For the year ended June 30, 2001, taxes of 47.84 mills were levied on property with assessed valuations totaling \$269,340,572 and were dedicated as follows:

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School Operations, Maintenance, Aid and Support	26.59 mills
Series 1994 Bonds Debt Service	12.75 mills
Series 1995 Bonds Debt Service	9.50 mills
	47.84 mills

The School Board's portion of the total taxes originally levied was \$14,944,297, of which \$12,885,253 was assessed on property owners and \$2,059,044 was assessed under Homestead Exemption. The School Board collected \$12,606,243 through June 30, 2001 of which only a nominal amount was for prior year levies. Approximately 86% of the homestead exemption is not appropriated by the state of Louisiana and therefore is not collected.

Property Tax Calendar

Millage Rates Adopted	September 19, 2000
Levy Date	November 3, 2000
Tax Bills Mailed	November 3, 2000
Total Taxes Are Due	December 31, 2000
Lien Date	January 1, 2001

Assessed values are established by the Ouachita Parish Tax Assessor each year on a uniform basis at the following ratios to fair market value.

10% Land	15% Machinery
10% Residential Improvements	15% Commercial Improvements
15% Industrial Improvements	25% Public Service Properties, Excluding Land

Note 5 - General Fixed Assets

A summary of changes in general fixed assets for the year ended June 30, 2001, follows:

	Balance July 1, 2000	Additions	Retirements	Balance June 30, 2001
Land	\$ 1,345,809	\$ -	\$ -	\$ 1,345,809
Buildings And Other Improvements	57,136,766	2,972,240	-	60,109,006
Equipment & Furniture	9,884,751	573,508	-	10,458,259
Construction in Progress	-	27,759	-	27,759
TOTAL	\$ 68,367,326	\$ 3,573,507	\$ -	\$ 71,940,833

The beginning balances in General Fixed Assets have been restated to properly reflect the amounts determined as the result of the School Board's review of its fixed asset

**CITY OF MONROE SCHOOL BOARD
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

listing. The net effect of the restatement is to decrease Investment in General Fixed Assets by \$11,974,149, primarily related to Buildings and Other Improvements. The majority of the overstatement was the result of improvements to three schools being included in additions to Buildings and duplicated Construction in Progress in a prior period.

Note 6 - Significant Concentrations of Risk

Amounts due from governmental agencies represent substantially all of receivables from outside sources. The School Board derives a majority of its revenue from grants by governmental agencies and is, therefore, economically dependent upon these grants.

Note 7 - Pension and Retirement Plans

State-sponsored Plans:

Substantially all employees of the School Board are members of two statewide retirement systems which are multiple-employer, cost-sharing public employee retirement systems. In general, professional employees such as teachers, principals and lunchroom workers are members of the Louisiana Teachers' Retirement System (TRS); other employees, such as custodial personnel and bus operators, are members of the Louisiana School Employees' Retirement System (LSERS). Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service.

Under the TRS Regular Plan, there are two retirement formulae: the 2% formula and the 2.5% formula. Participants may retire under the 2% formula at age 60 with at least 10 years of service credit or at any age with 20 years of service credit. Under the 2.5% formula, participants may retire at age 65 with 20 years of service credit; at age 55 with 25 years of service credit; or at any age with 30 years of service credit. The retirement benefit formula is based on the average salary of the 36 highest consecutive months times the applicable retirement percentage formula.

Under the TRS-Plan A, normal retirement is generally at any age with 30 or more years credited service, and at the age of 55 with at least 25 years of credited service and at age 60 with at least 10 years of credited service. The retirement benefit formula is generally 3% times the average salary of the 36 highest successive months.

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FOR THE YEAR ENDED JUNE 30, 2001**

Funding Policy: As provided by statute, the School Board's employer contributions to the TRS are funded by the State of Louisiana through expenditures by the School Board of state Minimum Foundation Program (MFP) funds and local ad valorem and sales taxes. State statutes also require covered employees to contribute a percentage of their salaries to the system. As further provided by statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the systems's prior fiscal year. The School Board's contributions to the TRS plans for the years ended June 30, 2001, 2000 and 1999 were \$4,191,859; \$4,425,424; and \$4,923,325, respectively, equal to the statutorily required contributions in each year.

The TRS issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Teachers' Retirement System, P.O. Box 94123, Baton Rouge, Louisiana 70804-9123 or by calling (504) 925-6446.

Employees participating in the LSERS are eligible for normal retirement after 30 years of service at any age, 25 years of service at age 55, or 10 years of service at age 60. The maximum retirement allowance is computed at 2.5% times the highest 36 months of average salary, times the years of service plus a supplement of \$2.00 per month times the years of service.

Funding Policy: As provided by statute, the School Board's employer contributions to the LSERS are funded by the State of Louisiana through expenditures by the School Board of state MFP funds and local ad valorem and sales taxes. State statutes also require covered employees to contribute a percentage of their salaries to the system. As further provided by statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the systems's prior fiscal year. The School Board's contributions to the LSERS plans for the years ended June 30, 2001, 2000 and 1999 were \$7,457; nil; and \$156,828, respectively, equal to the statutorily required contributions in each year.

The LSERS issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Louisiana School Employees' Retirement System, P.O. Box 44516, Capitol Station, Baton Rouge, Louisiana 70804 or by calling (504) 925-6484.

School Board-Sponsored Plan

During fiscal 1996, the School Board adopted for its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan,

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

available to all School Board employees, permits them to defer a portion of their salaries until future years. The School Board does not make any contributions to the plan. The deferred compensation is not available to employees until termination, retirement or unforeseen emergency. The deferred compensation is available to employee's beneficiaries in case of death.

Under the terms of a plan established in accordance with the terms of the amended IRC Section 457, all compensation deferred under the plan, all property and rights acquired with those amounts and all income attributable to those amounts and rights are solely the property and rights of the participants and their beneficiaries. As required by the amended IRC Section 457, the School Board has established custodial accounts with an unrelated third party administrator who holds in trust the assets and income of the plan. The trustee holds assets with a fair market value of \$196,193 at June 30, 2001.

The School Board implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* in fiscal 2001. Under this statement, governments who have no responsibility for the plans and are not formally considered the plan's trustee are not required to report the plan in their financial statements. Since the plan's income and assets are held in trust by an unrelated third party, the assets and related liability are no longer presented in the School Board's financial statements.

Note 8 - Other Employee and Postemployment Benefits

The School Board offers a cafeteria plan fringe benefit program under the Internal Revenue Code Section 125 for all employees who elect to participate. The Plan covers the employees' 50% share of the cost of group health coverage.

Group health and life insurance is provided to participating employees and retirees through the State Employee Group Benefits Program. In fiscal 2001, the School Board paid \$3,980,642 in connection with providing these benefits, including \$1,078,500 attributable to 388 retirees.

Note 9 - General Long-Term Obligations

The following is a summary of changes in General Long-Term Obligations for the year ended June 30, 2001:

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
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FOR THE YEAR ENDED JUNE 30, 2001**

	Balance July 1, 2000	Increases	Decreases	Balance June 30, 2001
General Obligation Bonds	\$ 50,575,000	\$ 22,565,000	\$ 23,725,000	\$ 49,415,000
Certificates of Indebtedness	1,380,000	-	125,000	1,255,000
Compensated Absences, Net	2,028,340	286,143	-	2,314,483
TOTAL	\$ 53,983,340	\$ 22,851,143	\$ 23,850,000	\$ 52,984,483

Long-term obligations outstanding at June 30, 2001 are comprised of the following:

	Issue	Maturity Date	Interest Rate	Bonds Outstanding
<u>General Obligation Bonds</u>				
School Bonds, Series 1994	1994	3/1/2014	5.50 - 7.00	\$ 4,175,000
School Bonds, Series 1995	1995	3/1/2015	5.35 - 9.00	22,675,000
School Refund Bonds, Series 2001	2001	3/1/2014	4.00 - 4.625	22,565,000
Total General Obligation Bonds				49,415,000
<u>Certificate of Indebtedness</u>	1998	7/1/2008	4.70 - 4.95	1,255,000
Total Bonds and Certificate of Indebtedness				\$50,670,000

Debt service requirements to maturity on all School Board General Obligation Bonds and certificates of indebtedness outstanding at June 30, 2001, including interest of \$23,899,589 is as follows:

Year Ending June 30,	Total Principal & Interest Due
2002	\$ 6,454,590
2003	6,442,160
2004	6,414,955
2005	5,153,307
2006	5,210,323
2007-2011	26,286,473
2012-2015	18,607,781
TOTAL	\$ 74,569,589

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

During fiscal year 2001, the School Board issued \$22,565,000 in General Obligation Bonds with an average interest rate of 4.3125%. The net proceeds from the issuance of the general obligation bonds were used to purchase government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service until the bonds are called. The advance refund met the requirement of an in-substance debt defeasance and the bonds were removed from the School Board's financial statements. The outstanding balance of the defeased 1994 Series at June 30, 2001 is \$4,175,000.

As a results of the advance refunding, the School Board reduced its total debt service requirements by approximately \$1.3 million, which has resulted in an economic gain (difference between the present value of the debt service payments on old and new debt) of approximately \$1.0 million.

Note 10 - Lease Commitments and Rental Expense

Operating Leases

The School Board leases various items of equipment and facilities under lease agreements which are subject to annual reappropriation clauses. Generally, as equipment leases expire, they are replaced with other leases.

Note 11 - Interfund Receivables and Payables

Individual balances due to/from other funds at June 30, 2001, are as follows:

	Due From Other Funds	Due to Other Funds
	<u> </u>	<u> </u>
Governmental Funds:		
General Fund	\$ 6,264,068	\$ 4,630,422
Debt Service Funds	2,397,810	-
Capital Project Fund	-	13,308
Special Revenue Funds:		
ESEA Title I	-	1,018,877
ESEA Title II	-	7,955
Title VI	-	25,651
Special Education	-	360,449
Vocational/Adult Education	-	174,738

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

School Food Services	124,000	672,096
Sales Tax	424,240	1,055,356
State Grant	-	320,706
Drug Free	-	23,917
Magnet Schools	-	62,026
Other Grants	-	844,617
	<hr/>	<hr/>
TOTAL	\$ <u>9,210,118</u>	\$ <u>9,210,118</u>

Note 12 - Interfund Transfers

Transfers to/from other funds for the year ended June 30, 2001 were as follows:

	Transfers In	Transfers Out
	<hr/>	<hr/>
Government Funds:		
General Fund	\$ 423,597	\$ 784,984
Debt Service Funds	190,000	-
Capital Project Funds	89,765	-
Special Revenue Funds:		
School Food Service	213,723	7,724
Sales Tax Funds	-	206,000
State Grants	57,302	1,494
Other Grants	48,527	22,712
	<hr/>	<hr/>
Total	\$ <u>1,022,914</u>	<u>1,022,914</u>

Certain Special Revenue funds transferred to the General Fund reimbursements of indirect costs totaling \$216,863 according to rates approved by various grantor agencies.

Note 13 - Risk Financing Activities

The School Board manages its exposure under general liability, fleet, and errors and omissions through the purchase of commercial insurance. Qualifying employees and retirees may participate in the state group medical and life insurance plan. Risk of loss under workers' compensation statutes is self-insured by the School Board for up to \$200,000 per occurrence, with reinsurance coverage in force for losses in excess of that amount. The self-insured plan is administered by a third party, with the claims under the self-insured amount paid by the General Fund; certain Special Revenue funds reimburse

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

the General Fund for payment of their claims. Consistent with the provisions of GASB Statement No. 10 *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the School Board uses the General Fund to account for its risk financing activities. During the year ended June 30, 2001, the School Board incurred and paid claims under the worker's compensation plan of approximately \$314,000 net of reimbursements. There were no material claims outstanding at June 30, 2001 or 2000.

Note 14 - Litigation and Contingencies

The School Board is a defendant in several lawsuits. Management and legal counsel for the School Board believe that the potential claims against the School Board, not covered by insurance, would not materially affect the School Board's financial position.

Note 15 – Deficit Reduction Plan

Several years ago the School Board developed a deficit elimination plan that produced limited results for the School Board. This plan called for eliminating the deficit through reductions in expenditures. The School Board found out that this alone was not the solution, as the School Board was able to cut in one area, only to see increases in another area. After looking at every possible solution to the problem, officials determined that insufficient revenue was the most significant part of the problem, with a new stream of revenue part of the solution. That coupled with elimination of staffing where appropriate contributes to the solution to eliminate the deficit.

Having come to this conclusion, school officials decided to go to the public with a one cent sales tax proposition. On July 21, 2001, the voters of the district overwhelmingly passed the one cent sales tax, which will generate an additional \$12 million per year for Monroe City Schools once fully funded. Of this one cent sales tax, only 45% or \$5.4 million is dedicated. The remaining 55% or \$6.6 million is for general operations, which will provide relief to the General Fund, thereby eliminating the deficit.

The 2001-2002 fiscal year is a “bridge” year for the Board. In the current year, the School Board will raise only approximately \$9 million because the tax was initiated in the second quarter of the fiscal year. No additional MFP money resulting from increased effort is forthcoming for this year. However, the Board can anticipate about a \$2.5 million increase in the next budget year from MFP because of increased effort. This “bridge” year will produce limited results in reducing the overall deficit, but will serve as a stabilizing period where for the first time in many years, the deficit will not increase.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

Even though the School Board will not see a significant reduction in the deficit during fiscal year 2001-2002, the Board can look forward to a near elimination of the deficit in the fiscal year 2002-2003. During the 2002-2003 year, the School Board will receive an additional \$2.5 million in MFP funds because of our increased effort, \$3 million from a whole year's collection of the new sales tax, as well as over \$1 million in additional federal funds. This amounts to an additional \$6.5 million in revenue for the 2002-2003 fiscal year, vastly improving the overall revenue picture of the Board. Legislation requires that half of any MFP growth be allocated to teachers' salaries and benefits. The Board will dedicate the other half of the MFP increase to eliminating the deficit.

The School Board began the current school year with more than 300 fewer students than projected. Making adjustments after school starts is nearly impossible and was the major contributing factor to the Board's inability to effect significant reduction of overall expenses. In an effort to meet the trend in decreasing student enrollment, administration will present to the Board in March 2002, a staff reduction plan reducing personnel costs by over \$1.5 million in the next fiscal year. The administration is reviewing all available demographic data in helping to project 3-year student population trends.

The increase in revenue, coupled with significant reductions in expenses will enable the School Board in 2002-2003 to significantly reduce, if not eliminate the deficit. Immediately upon elimination of the deficit, the School Board will continue to dedicate funds to build an operating fund balance of approximately \$4.5 million.

The recent hiring of an extremely qualified fiscal management team along with switching to specifically designed software for school systems will facilitate the system's ability to meet the goals outlined above. The CFO has public administration experience; the chief accountant has school board accounting experience. Both are committed to the plans of the Board and will develop a reporting schedule that will provide management with the necessary information to make proactive decisions regarding the fiscal state of the Board.

Note 16 – Subsequent Events

The citizens of the City of Monroe on July 21, 2001, approved a 1% sales tax for additional support to the public school system of the City of Monroe. This sales tax will produce approximately \$12 million in tax revenue per year.

The School Board on October 1, 2001, issued \$12,000,000 in Sales Tax School Bonds. These bonds are secured by 55% of the 1% sales tax authorized at an election on July 21, 2001. The bonds bear an interest rate of 4.674%, and will be used to make capital improvements in the school system.

**SUPPLEMENTARY SCHEDULES -
FINANCIAL SCHEDULES OF INDIVIDUAL FUNDS**

CITY OF MONROE SCHOOL BOARD

Monroe, Louisiana

SPECIAL REVENUE FUNDS

As of and for the Year Ended June 30, 2001

- A. Title I of the Elementary and Secondary Education Act (ESEA) is a Federally- financed program for meeting the needs of educationally deprived school children residing in areas having high concentrations of children from low-income families. The activities supplement rather than replace state and locally mandated activities.
- B. Title II (Eisenhower Professional Development) of ESEA is a Federal program which provides funds for mathematics and science related programs.
- C. Title VI of ESEA is a program by which the Federal government provides funds to the School Board for equipment and other items approved under the grant contract.
- D. Special Education funds are Federally-financed programs providing free appropriate education for all identified handicapped children from 3 to 21 years of age in the least restrictive environment.
- E. Vocational and Adult Education funds are used to more fully develop the academic and occupational skills of students to enhance their ability to compete in a technologically advancing workplace.
- F. School Food Services is used to account for the Revenues and Expenditures incurred, in providing to pupils, breakfast and lunch services during the school year and in the Summer Feeding program.
- G. The Sales Tax Funds account for the collection and distribution of the sales tax levies for the School Board. All of the sales taxes collected under the pre-1994 tax is dedicated to supplement other revenues available to the School Board for the payment of salaries of teachers and other School Board personnel. Of the tax passed by the voters in 1994, seventy percent of the tax collected is dedicated for similar purposes, with the balance dedicated for instructional purposes.
- H. The State Grant Funds account for Louisiana Department of Education grants for programs such as the Model Early Childhood, the Supplemental Instruction Program, and Gifted/Talented.
- I. Drug Free Schools (Title IV of ESEA) funds are used for raising the awareness of students to the dangers of drug abuse and to promote an atmosphere for a drug-free learning environment.
- J. Other Special Revenue Funds account for the revenues and expenditures associated with grants provided to the School Board by other governmental and nongovernmental entities, including the Corporation for National Community Service, the Foundation for the Mid South, and the United States and Louisiana Departments of Education.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
JUNE 30, 2001
WITH COMPARATIVE TOTALS FOR JUNE 30, 2000**

	Elementary and Secondary Education Act			Special Education Funds	Vocational & Adult Ed Funds
	Title I Funds	Title II Funds	Title VI Funds		
ASSETS					
Cash	\$ -	\$ 5,973	\$ -	\$ -	\$ 11,896
Accounts Receivable	-	-	-	-	-
Due From Other Governments:					
Due From Federal Sources	1,412,483	8,034	36,339	359,602	220,038
Due From State Sources	-	-	-	36,866	-
Due From Other Funds	-	-	-	-	-
Inventory	-	-	-	-	-
Prepaid Expenditures	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,412,483</u>	<u>\$ 14,007</u>	<u>\$ 36,339</u>	<u>\$ 396,468</u>	<u>\$ 231,934</u>
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts Payable	\$ 71,526	\$ 79	\$ 4,298	\$ 10,657	\$ 40,343
Deferred Revenues	-	-	-	-	-
Salaries and Wages Payable	322,080	5,973	6,390	25,362	16,853
Due to Other Funds	1,018,877	7,955	25,651	360,449	174,738
Total Liabilities	<u>1,412,483</u>	<u>14,007</u>	<u>36,339</u>	<u>396,468</u>	<u>231,934</u>
Fund Equity					
Fund Balances:					
Reserved for Inventory and Prepays	-	-	-	-	-
Reserved for Salaries and Benefits	-	-	-	-	-
Unreserved-Undesignated	-	-	-	-	-
Total Fund Balances (Deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,412,483</u>	<u>\$ 14,007</u>	<u>\$ 36,339</u>	<u>\$ 396,468</u>	<u>\$ 231,934</u>

School Food Services Funds	Sales Tax Funds	State Grant Funds	Drug-Free Funds	Magnet Schools	Other Special Revenue Funds	Total	
						2001	2000
\$ -	\$ 2,430,110	\$ 18,379	\$ -	\$ -	\$ 17,272	\$ 2,483,630	\$ 682,296
-	821,645	-	-	-	-	821,645	856,640
75,358	-	-	31,148	111,509	963,615	3,218,126	4,673,783
-	-	548,375	-	-	-	585,241	325,443
124,000	424,240	-	-	-	-	548,240	2,708,127
140,749	-	-	-	-	-	140,749	95,750
-	-	-	-	-	-	-	654
<u>\$ 340,107</u>	<u>\$ 3,675,995</u>	<u>\$ 566,754</u>	<u>\$ 31,148</u>	<u>\$ 111,509</u>	<u>\$ 980,887</u>	<u>\$ 7,797,631</u>	<u>\$ 9,342,693</u>
\$ 40,346	\$ 157,382	\$ 58,451	\$ 6,375	\$ -	\$ 9,747	\$ 399,204	\$ 612,110
-	-	-	-	-	-	-	2,126
274,866	592,296	183,947	856	49,483	124,611	1,602,717	2,278,438
672,096	1,055,356	320,706	23,917	62,026	844,617	4,566,388	5,282,760
<u>987,308</u>	<u>1,805,034</u>	<u>563,104</u>	<u>31,148</u>	<u>111,509</u>	<u>978,975</u>	<u>6,568,309</u>	<u>8,175,434</u>
147,748	-	-	-	-	-	147,748	-
-	1,870,961	-	-	-	-	1,870,961	1,727,384
(794,949)	-	3,650	-	-	1,912	(789,387)	(560,125)
<u>(647,201)</u>	<u>1,870,961</u>	<u>3,650</u>	<u>-</u>	<u>-</u>	<u>1,912</u>	<u>1,229,322</u>	<u>1,167,259</u>
<u>\$ 340,107</u>	<u>\$ 3,675,995</u>	<u>\$ 566,754</u>	<u>\$ 31,148</u>	<u>\$ 111,509</u>	<u>\$ 980,887</u>	<u>\$ 7,797,631</u>	<u>\$ 9,342,693</u>

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2000**

	Elementary and Secondary Education Act			Special Education Funds	Vocational & Adult Ed Funds
	Title I Funds	Title II Funds	Title VI Funds		
Revenues					
Local Sources:					
Sales & Use Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-
Other	-	-	-	-	-
State Sources:					
Unrestricted Grants-in-aid					
Restricted Grants-in-Aid	-	-	-	48,631	15,731
Federal Sources:					
Restricted Grants-in-Aid	3,268,198	59,689	60,798	940,962	244,151
Total Revenues	<u>3,268,198</u>	<u>59,689</u>	<u>60,798</u>	<u>989,593</u>	<u>259,882</u>
Expenditures					
Current:					
Instructional:					
Regular Programs	-	-	-	-	133,058
Special Programs	2,430,535	-	-	496,347	19,982
Support Services:					
Student Services	-	-	-	-	-
Instructional Staff	654,212	57,523	58,602	-	-
General Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Business Services	-	-	-	3,856	-
Plant Services	49,673	-	-	2,942	-
Transportation	148	-	-	7,440	-
Other Support Services	-	-	-	314,408	-
Capital Outlay	<u>16,927</u>	<u>-</u>	<u>-</u>	<u>136,895</u>	<u>105,564</u>
Total Expenditures	<u>3,151,495</u>	<u>57,523</u>	<u>58,602</u>	<u>961,888</u>	<u>258,604</u>
Excess (Deficiency) of Revenues Over Expenditures	116,703	2,166	2,196	27,705	1,278
Other Financing Sources (Uses)					
Operating Transfers In	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-
Transfer of Indirect Cost	(116,703)	(2,166)	(2,196)	(27,705)	(1,278)
Total Other Financing Sources (Uses)	<u>(116,703)</u>	<u>(2,166)</u>	<u>(2,196)</u>	<u>(27,705)</u>	<u>(1,278)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	-	-	-	-	-
Fund Balance (Deficit) at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School Food Services Funds	Sales Tax Funds	State Grant Funds	Drug-Free Funds	Magnet Schools	Other Special Revenue Funds	Total	
						2001	2000
\$ -	\$ 10,006,856	\$ -	\$ -	\$ -	\$ -	\$ 10,006,856	\$ 9,967,558
-	81,097	-	-	-	-	81,097	56,304
288,208	-	-	-	-	13,180	301,388	335,508
568,500	-	-	-	-	-	568,500	-
-	-	661,524	-	-	-	725,886	694,504
<u>3,182,870</u>	<u>-</u>	<u>-</u>	<u>51,415</u>	<u>1,082,429</u>	<u>1,241,361</u>	<u>10,131,873</u>	<u>10,408,036</u>
<u>4,039,578</u>	<u>10,087,953</u>	<u>661,524</u>	<u>51,415</u>	<u>1,082,429</u>	<u>1,254,541</u>	<u>21,815,600</u>	<u>21,461,910</u>
-	6,062,646	13,037	-	-	9,591	6,218,332	6,287,448
-	1,453,686	691,296	-	974,782	889,984	6,956,612	7,267,009
4,297,032	1,113,291	-	49,558	-	29,630	5,489,511	4,557,625
-	46,984	-	-	76,252	169,945	1,063,518	1,333,354
-	88,647	-	-	-	25,009	113,656	13,993
-	374,409	-	-	-	-	374,409	331,284
-	36,508	-	-	-	-	40,364	44,524
-	300,394	4,097	-	-	-	357,106	323,497
-	148,089	-	-	-	2,140	157,817	159,979
-	113,722	5,330	-	-	2,172	435,632	459,762
11,410	-	1,422	-	-	139,122	411,340	754,172
<u>4,308,442</u>	<u>9,738,376</u>	<u>715,182</u>	<u>49,558</u>	<u>1,051,034</u>	<u>1,267,593</u>	<u>21,618,297</u>	<u>21,532,647</u>
(268,864)	349,577	(53,658)	1,857	31,395	(13,052)	197,303	(70,737)
213,723	-	57,302	-	-	48,527	319,552	484,384
(7,723)	(206,000)	(1,494)	-	-	(22,712)	(237,929)	(203,810)
-	-	-	(1,857)	(31,395)	(33,563)	(216,863)	(159,597)
<u>206,000</u>	<u>(206,000)</u>	<u>55,808</u>	<u>(1,857)</u>	<u>(31,395)</u>	<u>(7,748)</u>	<u>(135,240)</u>	<u>120,977</u>
(62,864)	143,577	2,150	-	-	(20,800)	62,063	50,240
<u>(584,337)</u>	<u>1,727,384</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>22,712</u>	<u>1,167,259</u>	<u>1,117,019</u>
<u>\$ (647,201)</u>	<u>\$ 1,870,961</u>	<u>\$ 3,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,912</u>	<u>\$ 1,229,322</u>	<u>\$ 1,167,259</u>

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
COMBINING SCHEDULES OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES
TITLE I SPECIAL REVENUE FUNDS
FOR THE YEAR ENDING JUNE 30, 2001**

	<u>Title I (32)</u>	<u>Title I C/O (8)</u>	<u>Total</u>
Revenues			
Federal Sources:			
Restricted Grants-in-Aid Subgrants	\$ 2,677,067	\$ 591,131	\$ 3,268,198
Total Revenue	<u>2,677,067</u>	<u>591,131</u>	<u>3,268,198</u>
 Expenditures			
Current:			
Instructional			
Special Programs	1,860,756	569,779	2,430,535
Support Services:			-
Instructional Staff	654,212	-	654,212
Transportation	148	-	148
Plant Services	49,673	-	49,673
Capital Outlay	16,927	-	16,927
Total Expenditures	<u>2,581,716</u>	<u>569,779</u>	<u>3,151,495</u>
 Excess of Revenues Over Expenditures	 95,351	 21,352	 116,703
 Other Financing Sources (Uses)			
Transfer of Indirect Cost	(95,351)	(21,352)	(116,703)
Total Other Financing Sources (Uses)	<u>(95,351)</u>	<u>(21,352)</u>	<u>(116,703)</u>
 Excess (Deficiency) of Revenues Over Expenditures Other Financing Sources (Uses)	 -	 -	 -
 Fund Balance at Beginning of Year	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE AT END OF YEAR	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
TITLE II SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Title II (46)</u>	<u>Title II C/O (41)</u>	<u>TOTAL</u>
Revenues			
Federal Sources:			
Restricted Grants-in-Aid Subgrants	\$ 51,655	\$ 8,034	\$ 59,689
Total Revenue	<u>51,655</u>	<u>8,034</u>	<u>59,689</u>
Expenditures			
Support Services:			
Instructional Staff	<u>49,779</u>	<u>7,744</u>	<u>57,523</u>
Total Expenditures	<u>49,779</u>	<u>7,744</u>	<u>57,523</u>
Excess of Revenues Over Expenditures	1,876	290	2,166
Other Financing Sources and (Uses)			
Transfer of Indirect Cost	<u>(1,876)</u>	<u>(290)</u>	<u>(2,166)</u>
Total Other Financing Sources (Uses)	<u>(1,876)</u>	<u>(290)</u>	<u>(2,166)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	-	-	-
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
TITLE VI-ESEA SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Title VI (36)</u>	<u>Title VI C/O (40)</u>	<u>TOTAL</u>
Revenues			
Federal Sources:			
Restricted Grants-in-Aid Subgrants	\$ 57,676	\$ 3,122	\$ 60,798
Total Revenue	<u>57,676</u>	<u>3,122</u>	<u>60,798</u>
Expenditures			
Support Services:			
Instructional Staff	55,593	3,009	58,602
Total Expenditures	<u>55,593</u>	<u>3,009</u>	<u>58,602</u>
Excess of Revenues Over Expenditures	2,083	113	2,196
Other Financing Sources (Uses)			
Transfer of Indirect Cost	<u>(2,083)</u>	<u>(113)</u>	<u>(2,196)</u>
Total Other Financing Uses	<u>(2,083)</u>	<u>(113)</u>	<u>(2,196)</u>
Excess of Revenues Over Expenditures and Other Financing Sources (Uses)	-	-	-
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MONROE SCHOOL BOARD
 MONROE, LOUISIANA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 SPECIAL EDUCATION SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2001

	Preschool 01-PF-65 (49)	IDEA B 2001 99-FT-65 (48)	IDEA Part C Infant and Families CITS-65 (26)	ESYP-65 (27)	S-65 (28)	State Improvement (24)	Total
Revenues							
State Sources:							
Restricted Grants-Aid Subgrants	\$ -	\$ -	\$ -	\$ 34,058	\$ 14,573	\$ -	\$ 48,631
Federal Sources:							
Restricted Grants-in-Aid Subgrants	35,870	794,146	59,389	-	-	51,557	940,962
Total Revenues	35,870	794,146	59,389	34,058	14,573	51,557	989,593
Expenditures							
Current:							
Instructional	31,525	315,428	51,068	34,058	14,573	49,695	496,347
Special Programs:							
Support Services:							
Business Services	-	3,856	-	-	-	-	3,856
Plant Services	-	2,942	-	-	-	-	2,942
Transportation	334	7,106	-	-	-	-	7,440
Other Support Services	-	314,408	-	-	-	-	314,408
Capital Outlay	2,305	128,414	6,176	-	-	-	136,895
Total Expenditures	34,164	772,154	57,244	34,058	14,573	49,695	961,888
Excess of Revenues Over Expenditures	1,706	21,992	2,145	-	-	1,862	27,705
Other Financing Sources (Uses)							
Transfer of Indirect Cost	(1,706)	(21,992)	(2,145)	-	-	(1,862)	(27,705)
Total Other Financing Sources (Uses)	(1,706)	(21,992)	(2,145)	-	-	(1,862)	(27,705)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-	-	-	-
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
COMBINING SCHEDULES OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES
VOCATIONAL/ADULT ED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDING JUNE 30, 2001**

	<u>J.A.G. (14)</u>	<u>Vocational (16)</u>	<u>Adult Education (23)</u>	<u>Adult Education C/O (85)</u>	<u>Total</u>
Revenues					
State Sources:					
Restricted Grants-in Aid Subgrants	\$ -	\$ -	\$ 15,731	\$ -	\$ 15,731
Federal Sources:					
Restricted Grants-in Aid Subgrants	19,982	185,713	35,390	3,066	244,151
Total Revenue	<u>19,982</u>	<u>185,713</u>	<u>51,121</u>	<u>3,066</u>	<u>259,882</u>
Expenditures					
Instructional:					
Regular Programs	-	80,149	49,843	3,066	133,058
Special Programs	19,982	-	-	-	19,982
Capital Outlay	-	105,564	-	-	105,564
Total Expenditures	<u>19,982</u>	<u>185,713</u>	<u>49,843</u>	<u>3,066</u>	<u>258,604</u>
Excess of Revenues Over Expenditures	-	-	1,278	-	1,278
Other Financing Sources (Uses)					
Transfer of Indirect Cost	-	-	(1,278)	-	(1,278)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,278)</u>	<u>-</u>	<u>(1,278)</u>
Excess of Revenues Over Expenditures and Other Financing Sources (Uses)	-	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-	-
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
SCHOOL FOOD SERVICES SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>School Food Services (4)</u>	<u>Summer Feeding (5)</u>	<u>Total</u>
Revenues			
Local Sources:			
School Food Service Payment for Meals	\$ 288,208	\$ -	\$ 288,208
State Sources:			
Unrestricted Grants-in-aid	568,500	-	568,500
Federal Sources:			
Restricted Grants-in-Aid Subgrants	3,069,723	113,147	3,182,870
Total Revenues	<u>3,926,431</u>	<u>113,147</u>	<u>4,039,578</u>
Expenditures			
Support Services:			
Student Food Service	4,172,819	124,213	4,297,032
Capital Outlay	9,828	1,582	11,410
Total Expenditures	<u>4,182,647</u>	<u>125,795</u>	<u>4,308,442</u>
Excess (Deficiency) of Revenues Over Expenditures	(256,216)	(12,648)	(268,864)
Other Financing Sources (Uses)			
Operating Transfers In	206,000	7,723	213,723
Operating Transfers (Out)	(7,723)	-	(7,723)
Total Other Financing Sources (Uses)	<u>198,277</u>	<u>7,723</u>	<u>206,000</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(57,939)	(4,925)	(62,864)
Fund Balance (Deficit) at Beginning of Year	<u>(595,155)</u>	<u>10,818</u>	<u>(584,337)</u>
FUND BALANCE (DEFICIT) AT END OF YEAR	<u>\$ (653,094) \$</u>	<u>5,893 \$</u>	<u>(647,201)</u>

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
SALES TAX SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>12%</u> <u>(10)</u>	<u>88%</u> <u>(11)</u>	<u>1994</u> <u>(12)</u>	<u>TOTAL</u>
Revenues				
Local Sources:				
Sales and Use Taxes	\$ 492,301	\$ 3,623,113	\$ 5,891,442	\$ 10,006,856
Interest Income	3,042	41,503	36,552	81,097
Total Revenues	<u>495,343</u>	<u>3,664,616</u>	<u>5,927,994</u>	<u>10,087,953</u>
Expenditures				
Current:				
Instructional:				
Regular Programs	-	2,522,308	3,540,338	6,062,646
Special Programs	91,351	734,091	628,244	1,453,686
Support Services:				
Student Services	8,676	168,174	936,441	1,113,291
Instructional Staff	2,954	28,105	15,925	46,984
General Administration	7,697	27,407	53,543	88,647
School Administration	34,651	148,698	191,060	374,409
Business Services	10,505	-	26,003	36,508
Plant Services	133,410	1,300	165,684	300,394
Transportation	75,294	-	72,795	148,089
Other Support Services	5,060	5,450	103,212	113,722
Total Expenditures	<u>369,598</u>	<u>3,635,533</u>	<u>5,733,245</u>	<u>9,738,376</u>
 Excess of Revenues Over Expenditures	 125,745	 29,083	 194,749	 349,577
 Other Financing Sources (Uses)				
Operating Transfers (Out)	<u>(124,000)</u>	<u>-</u>	<u>(82,000)</u>	<u>(206,000)</u>
Total Other Financing Sources (Uses)	<u>(124,000)</u>	<u>-</u>	<u>(82,000)</u>	<u>(206,000)</u>
 Excess of Revenues Over Expenditures and Other Financing Sources (Uses)	 1,745	 29,083	 112,749	 143,577
 Fund Balance at Beginning of Year	 <u>78,018</u>	 <u>304,028</u>	 <u>1,345,338</u>	 <u>1,727,384</u>
 FUND BALANCE AT END OF YEAR	 <u>\$ 79,763</u>	 <u>\$ 333,111</u>	 <u>\$ 1,458,087</u>	 <u>\$ 1,870,961</u>

CITY OF MONROE SCHOOL BOARD
 MONROE, LOUISIANA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 STATE GRANT SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2001

	English Proficiency (22)	Leverage Lighthouse (44)	Gifted and Talented (47)	Early Childhood (51)	Textbooks (54)	Train Youth/ Employment (55)	Supplemental Instruction (56)
Revenues							
State Sources							
Restricted Grants-in- Aid Subgrants	\$ -	\$ 1,957	\$ -	\$ 114,155	\$ 13,037	\$ 47,234	\$ 48,860
Total Revenues	\$ -	\$ 1,957	\$ -	\$ 114,155	\$ 13,037	\$ 47,234	\$ 48,860
Expenditures							
Instructional							
Regular Programs	-	-	-	-	13,037	-	-
Special Programs	37,558	535	19,744	114,155	-	47,234	48,860
Support Services:							
Plant Services	-	-	-	-	-	-	-
Other Support Services	-	-	-	-	-	-	-
Capital Outlay	-	1,422	-	-	-	-	-
Total Expenditures	\$ 37,558	\$ 1,957	\$ 19,744	\$ 114,155	\$ 13,037	\$ 47,234	\$ 48,860
Excess (Deficiency) of Revenues Over Expenditures	(37,558)	-	(19,744)	-	-	-	-
Other Financing Sources (Uses)							
Operating Transfers In	37,558	-	19,744	-	-	-	-
Operating Transfer Out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ 37,558	\$ -	\$ 19,744	\$ -	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-	-	-	-
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

CITY OF MONROE SCHOOL BOARD
 MONROE, LOUISIANA
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (CONTINUED)
 STATE GRANT SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2001

	ESP-2 Learn Grant (58)	LEAP 21 Tutoring (59)	Learn and Serve (62)	LEAP Remediation 4th Grade (66)	K-3 Reading Initiative (72)	Art - Guggenheim (78)
Revenues						
State Funded	\$ 11,048	\$ 55,052	\$ 2,500	\$ 165,594	\$ 195,620	\$ -
Restricted Grants-in Aid	11,048	55,052	2,500	165,594	195,620	-
Total Revenues						
Expenditures						
Instructional:						
Regular Programs	-	-	-	-	-	-
Special Programs	6,951	55,052	(1,150)	165,594	195,620	-
Support Services:						
Plant Services	4,097	-	-	-	-	6
Other Support Services	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	11,048	55,052	(1,150)	165,594	195,620	6
Excess (Deficiency) of Revenues Over Expenditures	-	-	3,650	-	-	(6)
Other Financing Sources (Uses)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfer Out	-	-	-	-	-	(1,494)
Total Other Financing Sources (Uses)	-	-	-	-	-	(1,494)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	-	-	3,650	-	-	(1,500)
Fund Balance at Beginning of Year	-	-	-	-	-	1,500
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ 3,650	\$ -	\$ -	\$ -

(Continued)

CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONCLUDED)
STATE GRANT SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001

	Accelerated Schools (79)		Total
Revenues			
State Funded			
Restricted Grants-in Aid	6,467	\$	661,524
Total Revenues	6,467		661,524
Expenditures			
Instructional:			
Regular Programs	-		13,037
Special Programs	1,143		691,296
Support Services:			
Plant Services	-		4,097
Other Support Services	5,324		5,330
Capital Outlay	-		1,422
Total Expenditures	6,467		715,182
Excess (Deficiency) of Revenues Over Expenditures	-		(53,658)
Other Financing Sources (Uses)			
Operating Transfers In	-		57,302
Operating Transfer Out	-		(1,494)
Total Other Financing Sources (Uses)	-		55,808
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	-		2,150
Fund Balance at Beginning of Year	-		1,500
FUND BALANCE AT END OF YEAR	-	\$	3,650

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
DRUG FREE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Drug Free (30)</u>	<u>Drug Free Carryover (31)</u>	<u>Total</u>
Revenue			
Federal Sources:			
Restricted Grants-in-Aid Subgrants	\$ 44,747	\$ 6,668	\$ 51,415
Total Revenue	<u>44,747</u>	<u>6,668</u>	<u>51,415</u>
Expenditures			
Support Services:			
Student Services	43,131	6,427	49,558
Total Expenditures	<u>43,131</u>	<u>6,427</u>	<u>49,558</u>
Excess of Revenues Over Expenditures	1,616	241	1,857
Other Financing Sources (Uses)			
Transfer of Indirect Cost	(1,616)	(241)	(1,857)
Total Other Financing Sources (Uses)	<u>(1,616)</u>	<u>(241)</u>	<u>(1,857)</u>
Excess of Revenues Over Expenditures and Other Financing Sources (Uses)	-	-	-
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
MAGNET SCHOOL FUNDS
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Magnet School Grant (45)</u>	<u>Magnet School Supplemental Grant (53)</u>	<u>Total</u>
Revenues			
Federal Sources:			
Restricted Grants-in-Aid Direct	\$ 1,003,775	\$ 78,654	\$ 1,082,429
Total Revenues	<u>1,003,775</u>	<u>78,654</u>	<u>1,082,429</u>
Expenditures			
Current:			
Instructional:			
Special Programs	974,782	-	974,782
Support Services:			
Instructional Staff	-	76,252	76,252
Total Expenditures	<u>974,782</u>	<u>76,252</u>	<u>1,051,034</u>
Excess of Revenues Over Expenditures	28,993	2,402	31,395
Other Financing Sources (Uses)			-
Transfer of Indirect Cost	<u>(28,993)</u>	<u>(2,402)</u>	<u>(31,395)</u>
Total Other Financing Sources (Uses)	<u>(28,993)</u>	<u>(2,402)</u>	<u>(31,395)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	-	-	-
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
OTHER SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001**

	Mid-South (16)	Chase Grant (13)	Grad School (17)	MIS Services (18)	Class Size Reduction Carryover (33)	Class Size Reduction (38)
Revenues						
Local Sources:						
Grant from Private Foundation	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -
Other Local Revenues	-	-	3,180	-	-	-
Federal Sources:						
Restricted Grants-in-Aid Subgrants	-	-	-	-	126,268	516,105
Total Revenues	<u>-</u>	<u>10,000</u>	<u>3,180</u>	<u>-</u>	<u>126,268</u>	<u>516,105</u>
Expenditures						
Current:						
Instructional:						
Regular Programs	-	-	-	-	-	-
Special Programs	-	8,088	3,180	-	92,698	501,073
Support Services:						
Student Services	-	-	-	-	29,630	-
Instructional Staff	-	-	-	-	-	-
General Administration	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Other Support	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>8,088</u>	<u>3,180</u>	<u>-</u>	<u>122,328</u>	<u>501,073</u>
Excess (Deficiency) of Revenues Over Expenditures	-	1,912	-	-	3,940	(501,073)
Other Financing Sources (Uses)						
Operating Transfer In	-	-	-	-	-	-
Operating Transfers (Out)	(6,945)	-	-	(15,767)	-	-
Transfer of Indirect Cost	-	-	-	-	(3,940)	(15,032)
Total Other Financing Sources (Uses)	<u>(6,945)</u>	<u>-</u>	<u>-</u>	<u>(15,767)</u>	<u>(3,940)</u>	<u>(15,032)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(6,945)	1,912	-	(15,767)	-	-
Fund Balance at Beginning of Year	<u>6,945</u>	<u>-</u>	<u>-</u>	<u>15,767</u>	<u>-</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ 1,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Starting Point (42)	School To Career (43)	LEAP Remediation (65)	Mini Grants (75)	Challenge Grant (80)	Technology Literacy Challenge Grant (81)	Learn Grant (83)	Classroom Based Technology (84)	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	\$ 10,000
-	-	-	-	-	-	-	-	3,180
100,423	14,075	-	2,380	104,164	181,419	99,372	97,155	1,241,361
100,423	14,075	-	2,380	104,164	181,419	99,372	97,155	1,254,541
-	-	9,372	219	-	-	-	-	9,591
96,370	10,554	37,015	1,761	34,826	-	95,992	8,427	889,984
-	-	-	-	-	-	-	-	29,630
-	-	-	-	-	169,945	-	-	169,945
-	-	-	-	-	-	-	25,009	25,009
-	-	2,140	-	-	-	-	-	2,140
-	-	-	-	-	-	-	2,172	2,172
449	3,521	-	400	69,338	4,994	-	60,420	139,122
96,819	14,075	48,527	2,380	104,164	174,939	95,992	96,028	1,267,593
3,604	-	(48,527)	-	-	6,480	3,380	1,127	(13,052)
-	-	48,527	-	-	-	-	-	48,527
-	-	-	-	-	-	-	-	(22,212)
(3,604)	-	-	-	-	(6,480)	(3,380)	(1,127)	(33,563)
(3,604)	-	48,527	-	-	(6,480)	(3,380)	(1,127)	(7,748)
-	-	-	-	-	-	-	-	(20,800)
-	-	-	-	-	-	-	-	22,712
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,912

CITY OF MONROE
Monroe, Louisiana

DEBT SERVICE FUNDS

As of and for the Year Ended June 30, 2001

The Debt Service Funds are used to account for the accumulation of resources for repayment of Series 1994 and 1995 School Improvement Bonds and Series 1998 Certificates of Indebtedness.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
June 30, 2001**

	Bond Redemption (61)	Loan Repayment (6)	Total
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and Cash Equivalents	\$ 1,519,825	\$ 2,130	\$ 1,521,955
Accounts Receivable	56,916	-	56,916
Due from Other Funds	<u>2,397,810</u>	<u>-</u>	<u>2,397,810</u>
Total Assets	<u>\$ 3,974,551</u>	<u>\$ 2,130</u>	<u>\$ 3,976,681</u>
Liabilities and Fund Equity			
Liabilities	\$ -	\$ -	\$ -
Fund Equity			
Fund Balance - Reserved For Debt Service	<u>3,974,551</u>	<u>2,130</u>	<u>3,976,681</u>
Total Liabilities and Fund Equity	<u>\$ 3,974,551</u>	<u>\$ 2,130</u>	<u>\$ 3,976,681</u>

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Bond Redemption (61)</u>	<u>Loan Repayment (6)</u>	<u>Total</u>
Revenues			
Local Sources:			
Ad Valorem Taxes	\$ 5,512,886	\$ -	\$ 5,512,886
Interest on Investments	11,050	-	11,050
Total Revenues	<u>5,523,936</u>	<u>-</u>	<u>5,523,936</u>
 Expenditures			
Debt Service:			
Principal	2,160,000	125,000	2,285,000
Interest and Fiscal Charges	3,058,892	63,618	3,122,510
Total Expenditures	<u>5,218,892</u>	<u>188,618</u>	<u>5,407,510</u>
 Excess (Deficiency) of Revenues Over Expenditures	 305,044	 (188,618)	 116,426
 Other Financing Sources (Uses)			
Operating Transfers In	-	190,000	190,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>190,000</u>	<u>190,000</u>
 Excess of Revenues Over Expenditures and Other Financing Sources (Uses)	 305,044	 1,382	 306,426
 Fund Balance at Beginning of Year	 <u>3,669,507</u>	 <u>748</u>	 <u>3,670,255</u>
 FUND BALANCE AT END OF YEAR	 <u>\$ 3,974,551</u>	 <u>\$ 2,130</u>	 <u>\$ 3,976,681</u>

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

FIDUCIARY FUNDS

As of and for the Year Ended June 30, 2001

School Activities Fund

The School Activities Fund accounts for all individual school activity funds. While these funds are under supervision of the School Board, they belong to the individual schools or their student bodies and are not available for use by the School Board.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND TYPE - AGENCY FUNDS
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Balance July 1, 2000</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2001</u>
Cash	\$ 474,884	\$ 2,008,983	\$ (1,975,457)	\$ 508,410
Certificates of Deposit	<u>112,858</u>	<u>516</u>	<u>(102,621)</u>	<u>10,753</u>
TOTAL ASSETS	<u>\$ 587,742</u>	<u>\$ 2,009,499</u>	<u>\$ (2,078,078)</u>	<u>\$ 519,163</u>
Amounts Held for Other Organizations	<u>\$ 587,742</u>	<u>\$ 2,009,499</u>	<u>\$ (2,078,078)</u>	<u>\$ 519,163</u>
TOTAL LIABILITIES	<u>\$ 587,742</u>	<u>\$ 2,009,499</u>	<u>\$ (2,078,078)</u>	<u>\$ 519,163</u>

SUPPLEMENTARY INFORMATION –GRANT ACTIVITY



John L. Luffey, MBA, CPA
Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Alleberry, CPA
Carolyn A. Clarke, CPA

**REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**City of Monroe School Board
Monroe, Louisiana**

We have audited the general purpose financial statements of **City of Monroe School Board** (the School Board) as of and for the year ended June 30, 2001, and have issued our report thereon dated February 4, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

Compliance

As part of obtaining reasonable assurance about whether the School Board's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as items 01-01 and 01-03. In addition, we noted immaterial instances of noncompliance that we have reported to management of the School Board in a separate letter dated February 4, 2002.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the School Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the School Board's

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**City of Monroe School Board
Monroe, Louisiana**

ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of findings and Questioned Costs as item 01-02 and 01-04.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 01-04 described above to be a material weakness. We also noted a matter involving the internal control over financial reporting which we have reported to management of the School Board in a separate letter dated February 4, 2002.

This report is intended for the information of management of the School Board, Federal awarding agencies and pass-through entities, other entities granting funds to the School Board and the Legislative Auditor for the state of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.



(A Professional Accounting Corporation)

February 4, 2002

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

**City of Monroe School Board
Monroe, Louisiana**

Compliance

We have audited the compliance of the **City of Monroe School Board** (the School Board) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2001. The School Board's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the School Board's management. Our responsibility is to express an opinion on the School Board's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School Board's compliance with those requirements.

In our opinion, the School Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2001.

**City of Monroe School Board
Monroe, Louisiana**

Internal Control Over Compliance

Management of the School Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the School Board's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We have audited the basic general purpose financial statements of the School Board as of and for the year ended June 30, 2001 and have issued our report thereon dated February 4, 2002. Our audit was performed for the purpose of forming an opinion on the basic general purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic general purpose financial statements taken as a whole.

This report is intended for the information of management of the School Board, Federal awarding agencies and pass-through entities, other entities granting funds to the School Board and the Legislative Auditor for the state of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.



(A Professional Accounting Corporation)

February 4, 2002

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2001**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	C.F.D.A. NUMBER	GRANT NUMBER	CURRENT YEAR EXPENDITURES
DIRECT PROGRAMS;			
U.S. DEPARTMENT OF DEFENSE			
R.O.T.C.	N/A	Not Available	\$ 42,680
U.S. DEPARTMENT OF EDUCATION			
Impact Aid	84.041	28-LA-2000-2701	28,961
Magnet Schools Assistance Program	84.165	S165A980035-99	1,082,429
Total U.S. Dept of Education			<u>1,111,390</u>
Total Direct Programs			1,154,070
PASS THROUGH PROGRAMS:			
U. S. DEPARTMENT OF EDUCATION			
Passed through Louisiana			
Department of Education:			
Title I of ESEA-Educationally Deprived			
Children-Local Educational Agencies			
2001 Regular Program	84.010	01-T1-65-1	2,677,067
2000 Carryover	84.010	00-T1-65-1	591,131
Total Title I			<u>3,268,198</u>
SPECIAL EDUCATION CLUSTER:			
Special Education-Individuals With			
Disabilities Education Act IDEA B			
Preschool and School Programs:			
IDEA B 2001	84.027A	01-B1-65	794,146
IDEA B Discretionary	84.027A	00-B2-65	51,558
Preschool	84.173A	01-P1-65	35,870
Total Special Education Cluster			<u>881,574</u>
IDEA Part C Infants and Families	84.181A	01-H3-65	59,389
Total Special Education			<u>940,963</u>
Title VI of ESEA - Federal, State and			
Local Partnership Educational Improvement			
2001 Regular Program	84.151	01-00-65	57,676
2000 Carryover	84.151	00-00-65-C	3,122
Class Size Reduction - 2001 Regular	84.340	01-01-65	516,106
Class Size Reduction - 2000 Carryover	84.340	00-01-65-6	126,268
Total Title VI			<u>703,172</u>
Title II of ESEA - Eisenhower Mathematics			
and Science Education			
2001 Regular	84.164	01-50-65	51,655
2000 Carryover	84.164	00-50-65-1	8,034
Total Title II			<u>59,689</u>

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2001**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	C.F.D.A. NUMBER	GRANT NUMBER	CURRENT YEAR EXPENDITURES
Title IV of ESEA -			
Drug Free Schools 2001 Regular	84.186	01-70-65	44,747
Drug Free Schools 2000 Carryover	84.186	00-70-65-D	6,668
Total Title IV			51,415
Adult Education -			
State Administered Basic Grant 2001	84.002	Not Available	35,390
State Administered Basic Grant 2000 Carryover	84.002	Not Available	3,066
Total Basic Grant			38,456
Challenge Grant	N/A	Not Available	104,164
Total Adult Education			142,620
Classroom Based Technology	84.318	0125-65	28,927
Technology Literacy Professional Development	84.318	280149-65	68,228
Total Technology Grant			97,155
Technology Literacy Challenge Grant	84.318	280114-65	181,419
Learn Professional Development	84.276A	2801PD-65	99,372
Learn Subgrant	84.276A	2801TS-65	2,380
Total Learn Grant			101,752
Vocational Education	84.048A	SB65/00-01	185,713
Passed through Monroe Chamber of Commerce:			
School to Career	N/A	Not Available	14,075
Total U.S. Dept. of Education			5,746,171
U.S. DEPARTMENT OF AGRICULTURE (USDA)			
Passed through State			
Department of Education:			
CHILD NUTRITION CLUSTER:			
School Breakfast Program	10.553	Not Available	799,090
School Lunch Program	10.555	Not Available	2,243,836
Summer Feeding Program	10.559	Not Available	113,147
Total Child Nutrition Cluster			3,156,073
Total U.S. Dept. of Agriculture			3,156,073
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (USDHHS)			
Passed through Louisiana			
Department of Education:			
Starting Point	93.575	CFMS-28013865	100,423
Total U.S. Dept. of Health and Human Services			100,423

CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2001

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	C.F.D.A. NUMBER	GRANT NUMBER	CURRENT YEAR EXPENDITURES
U. S. DEPARTMENT OF LABOR			
Passed through Ouachita Parish Police Jury Jobs for America's Graduates	N/A	Not Available	19,982
Total U.S. Dept. of Labor			19,982
TOTAL PASS THROUGH PROGRAMS			9,022,649
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 10,176,719

See Notes to Schedule of Expenditures of Federal Awards

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001**

A. General

The preceding Schedule of Expenditures of Federal Awards presents the activity of all Federal financial assistance programs of the City of Monroe School Board (the School Board). The School Board reporting entity is defined in Note 1 to the School Board's general purpose financial statements. All Federal financial assistance received directly from Federal agencies as well as Federal financial assistance passed through other government agencies is included on the schedule.

B. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the School Board's general purpose financial statements.

C. Relationship to Special Revenue Funds

The following reconciliation is provided to help the reader of the School Board's financial statements and supplementary information relate such information to the Schedule of Expenditures of Federal Awards for the year ended June 30, 2001:

	<u>Title I</u>	<u>Title II</u>	<u>Title VI</u>	<u>Special Education</u>	<u>Drug Free</u>	<u>Class Size Reduction</u>
Total Expenditures	\$ 3,151,495	\$ 57,523	\$ 58,602	\$ 913,257	\$ 49,558	\$ 623,402
Transfer of Indirect Cost Expenditures per Schedule	<u>116,703</u>	<u>2,166</u>	<u>2,196</u>	<u>27,706</u>	<u>1,857</u>	<u>18,972</u>
	<u>\$ 3,268,198</u>	<u>\$ 59,689</u>	<u>\$ 60,798</u>	<u>\$ 940,963</u>	<u>\$ 51,415</u>	<u>\$ 642,374</u>
	<u>Adult Ed- Vocational</u>	<u>Challenge Grant</u>	<u>Starting Point</u>	<u>Classroom Based Technology</u>	<u>TLCF Grant</u>	<u>Magnet Grant</u>
Total Expenditures	\$ 244,151	\$ 104,164	\$ 96,819	\$ 96,028	\$ 174,939	\$ 1,051,034
Transfer of Indirect Cost Expenditures per Schedule	<u>1,278</u>	<u>-</u>	<u>3,604</u>	<u>1,127</u>	<u>6,480</u>	<u>31,395</u>
	<u>\$ 245,429</u>	<u>\$ 104,164</u>	<u>\$ 100,423</u>	<u>\$ 97,155</u>	<u>\$ 181,419</u>	<u>\$ 1,082,429</u>

In addition, the School Board consumed non-cash awards in the amount of \$143,681 in the form of commodities provided by the United States Department of Agriculture.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2001**

Summary of Auditors Results:

- 1) The audit report on the City of Monroe School Board (the School Board) covering the fiscal year ended June 30, 2001 was unqualified;
- 2) There were two instances of reportable conditions involving internal control over financial reporting disclosed by the audit of the general purpose financial statements of the School Board, one of which was considered a material weakness and are presented as items 01-02 and 01-04;
- 3) The audit of the financial statements disclosed two instances of noncompliance which are considered to be material to the general purpose financial statements of the School Board and are presented as items 01-01 and 01-03;
- 4) No reportable conditions in the internal control over major programs were reported in the audit of the School Board;
- 5) The auditors' report on the School Board's compliance with requirements applicable to each major program was unqualified;
- 6) The audit of the School Board's compliance with requirements applicable to each major program did not disclose any findings required to be reported under the provisions of OMB Circular A-133 Section .510(a);
- 7) Major Federal programs for purposes of the report on compliance with the requirements applicable to each major program were the Magnet School Program (CFDA No. 84.165); the Special Education Cluster (IDEA Part B and IDEA Preschool, CFDA Nos. 84.027 and 84.173); IDEA Part C (CFDA No. 84.181); the Child Nutrition Cluster (CFDA Nos. 10.553, 10.555 and 10.559); and the LEARN Grant (CFDA No. 84.276A);
- 8) The dollar threshold used to distinguish between Type A and Type B programs was \$331,136; and,
- 9) The School Board qualified as a low-risk auditee under the provisions of OMB Circular A-133 section .530.

There were four findings related to the financial statements which are required to be reported under *Government Auditing Standards*, presented as items 01-01, 01-02, 01-03 and 01-04:

(Continued)

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001**

01-01 Use of Tax Collections

During our review of interfund transactions, we noted that through out the year, collections of sales and use taxes and ad valorem taxes were either transferred to the General Fund or deposited directly in the General Fund and recorded as Due to Other Funds or Loans Payable. These transfer and deposit items came from the 1994 Sales Tax Fund and the Bond Redemption Fund. The revenue sources for these funds are voter-approved sales and use taxes and ad valorem taxes, respectively. The sales and use taxes are restricted for payment of salaries and wages and various instructional purposes; the ad valorem taxes are restricted for making debt service payments on the School Board's 1994 and 1995 general obligation bonds, the proceeds of which were used to renovate and construct schools in the school district and the 2001 refunding bonds issued for the purpose of advance refunding a portion of the 1994 bonds. At June 30, 2001, the General Fund owed the 1994 Sales Tax Fund approximately \$420,000 and the Bond Redemption Fund approximately \$2.4 million. While not specifically prohibited by the enabling legislation, the loaning of these tax proceeds are not specifically authorized by that legislation.

Recommendation:

As recommended in our audit report for the year ended June 30, 2000, we again recommend that the School Board make arrangements with the State Bond Commission and/or the Louisiana Public Facilities Authority for short term loans and/or standby letters of credit when the need arises for short term cash flow financing. We feel that by employing financing vehicles such as these will reinforce the School Board's commitment to fulfilling its stewardship obligation over funds entrusted to it by the citizenry and minimize the potential for violation of laws restricting the use of the tax proceeds.

Management's Corrective Action Plan:

Management concurs with the audit recommendation. Funds utilized for cash flow borrowing have been paid to the respective funds, with interest computed and paid to February 19, 2002. Deposits for the 2001-2002 year have been deposited into the correct account. The District borrowed funds from the Louisiana Public Facilities Authority to meet cash flow needs for the current fiscal year. The District is also developing a fiscal plan that will substantially eliminate the deficit in the fiscal year ending June 30, 2003.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001**

01-02 School Activity Accounting

During our review of the School Activity Funds, we noted that one school had not submitted a monthly financial report to the School Board since July, 2000. Louisiana Revised Statute 17:414.3 requires, in part that the principal of every school maintain a school fund and that the records of the school fund be reconciled monthly. In addition, the statute provides that the principal report on the school's fund annually to the superintendent or a member of his staff designated by him. The School Board's policy is that each school will submit a report of the accounting of the school activity funds by the 12th day following the end on the month. In spite of numerous requests from the Special Projects Accountant, the principal of this school failed to produce the required reports.

Recommendation:

We recommend that the Chief Financial Officer and the Superintendent take appropriate action to ensure that all policies and procedures of the School Board regarding the School Activity Funds be adhered to.

Management's Corrective Action Plan:

Management concurs with the audit recommendation. The Chief Financial Officer has received up-to-date school activity reports for the school that failed to submit reports in a timely manner. The Chief Financial Officer and the Superintendent will assign staff to closely monitor all school activity funds and ensure that all policies and procedures of the School Board regarding the School Activity Funds are adhered to.

01-03 Failure to Provide Audit Report to Legislative Auditor by Due Date

Louisiana Revised Statute 24:513 requires all audit engagements to be completed and transmitted to the Legislative Auditor within six months of the close of the School Board's fiscal year end. Accordingly, the School Board's audit report for the year ended June 30, 2001 was due to the Legislative Auditor by December 31, 2001.

During the year, the Chief Financial Officer and the Chief Accountant left the employ of the School Board causing delays in the day to day operations of the department. The position of Chief Financial Officer was vacant for approximately three months and that of Chief Accountant for approximately eight months.

Due to this shortage of personnel in the accounting department, information needed for the audit could not be provided in a timely manner which resulted in the audit not being completed within the prescribed time period.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001**

Recommendation:

We recommend that the School Board maintain an accounting staff that is sufficient in size and technical expertise necessary to prepare the accounting records and financial statements for audit, *in an accurate and timely manner.*

Management's Corrective Action Plan:

Management concurs with the audit recommendation. A system the size of the Monroe City School Board cannot operate effectively with such key personnel as the Chief Financial Officer and Chief Accountant. The Board erred in realizing the long-term negative impact vacancies in these key positions would have on the financial welfare of the system. The School District sought to fill these positions with people having qualifications that would minimize the learning curve required with new employees. The Chief Financial Officer hired is the former Treasurer for the City of Bastrop. Besides having her Masters in Accounting, the government experience is an additional advantage in this position. The Chief Accountant hired has 6 years of school board experience as well as city government experience. Software changes have automated many reports which will allow for timely filing of state and Federal reports, including the audit report, in accordance with state law.

01-04 Condition of Accounting Records

Finding:

During the fiscal year 2001, the School Board lost some of its key accounting personnel through resignation. The Chief Financial Officer resigned in November, 2000, and the chief accountant resigned in February, 2001. The Chief Financial Officer position was not filled by the School Board until the end of February. The chief accountant position was not filled until the middle of August, 2001. This greatly effected the ability of the School Board's Accounting Department to produce financial statements and reports in an accurate and timely manner, both for purposes of external and internal financial reporting and internal decision making. Examples of items which indicate improvement is needed are as follows:

1. Bank reconciliations were not prepared in a timely manner. Reconciliations as of June 30, 2001 were not completed until mid-January 2002.
2. Deposits were not made to the proper funds.
3. Transfers to payroll checking account to cover monthly payrolls were not made on a timely basis, causing overdrafts in the payroll account in the amount of \$1.9 million as of June 30, 2001.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001**

4. Accounting personnel made an inordinate number of journal entries after year end, in order to update the accounting records.
5. Required filings with the State Department of Education due by October 1, 2001 were not remitted until mid-January 2002.

These examples illustrate the increased risk that decision making personnel may be provided with inaccurate or incomplete information used to carry out the day to day activities of the School Board and for making long-term, strategic decisions. In addition, it increases the risk of misappropriation of assets and/or the risk that errors or irregularities in amounts material to the School Board's financial position or results of operations could occur and go undetected by employees in the normal course of performing their assigned functions. The School Board's financial position and accountability to its citizens require that accurate books and records be maintained on a timely basis.

Recommendation:

While we recognize that the School Board has now filled the key positions in the accounting department, we recommend that they maintain an accounting staff that is sufficient in size and technical expertise necessary to prepare the accounting records and financial statements in an accurate and timely manner. Balance sheet accounts for all funds should be reconciled monthly, and revenue and expense accounts should be analyzed for obvious errors. Procedures should be put in place to insure that deposits are made to the correct accounts.

Management's Corrective Action Plan:

While technically the effective dates of resignation by the accounting personnel mentioned are listed as November and February, accrued vacation time was also used before the actual resignation causing even more gaps in the maintenance of the accounting records. Unfortunately the Board didn't realize the long-term negative impact such vacancies of key positions can have on the financial welfare of the system.

The School District sought to fill these positions with people having qualifications that would minimize the learning curve required with new employees. Unfortunately this process took longer than usual, and even required going through the advertising/interview process three times for one of the positions before a qualified pool of applicants was available. The Chief Financial Officer hired is the former Treasurer for the City of Bastrop. Besides having her Masters in Accounting, the government experience is an additional advantage in this position. The Chief Accountant hired has 6 years of school board experience as well as city government experience. Besides having filled these positions, the Board is currently advertising for another accountant that will allow reorganization of accounting duties to better meet the Board's

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001**

expectations for recording and reporting the operations of the system. With this fiscal management team, the Board is rebuilding a depth in its financial operations it will need to fulfill the goals of the Board in the coming years.

One of the first changes implemented by the fiscal manager was the conversion to a general ledger and payroll software package specifically designed for school systems. While management realizes that software is only as good as the people who use it, this will give the business department the necessary tools to help meet the goals of the department and Board. Some of the highlights of the software are:

1. A Federal funds package that automatically pulls records from accounts payable and payroll postings into a request for reimbursement, based on predefined fund parameters.
2. A bank reconciliation program that streamlines the process.
3. A cash receipts module that records individual transactions giving more details for better reporting and tracking of revenues.
4. Integrated personnel and payroll modules that allow most Federal and state reports to be processed by the users rather than having to use MIS personnel resources for nearly all reporting.
5. Automated AFR reporting, which once records are kept current, will allow the department to meet state reporting deadlines.

Because of the time necessarily spent on bringing the books up to date for the fiscal year 2000-2001, the accounting department is still behind. However, every effort is being made to bring records up to date as quickly as possible. July through September was a transition period for the business department because of the conversion to the new software. However, once past this time period, recording and reconciling should move much faster.

Besides software changes, other changes already made or that plan to be made in the accounting department that should rectify many of the shortcomings noted by the audit are:

1. Online banking – This means of access to financial information increases the department's ability to respond to daily cash flow needs, and allows management to better use idle cash by moving funds in order to maximize rates of return.
2. Cross-training of personnel in key duties and responsibilities – The need to keep personnel trained and informed of the daily operations of the fiscal operations of the board, without compromising confidentiality, has been clearly demonstrated. "Back-up" personnel have already been trained in many key areas, with plans for training in other duties and responsibilities.
3. Many functions that were once done manually are now automated, reducing the previously necessary reliance on one person knowing how to do certain things.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001**

4. The designated tax funds are going to their appropriate bank accounts when they are received from the issuing agencies. Short-term financing needs are being met by outside borrowing rather than continuing the previous practice of borrowing from these dedicated funds.
5. Transfers to payroll are being made timely, with increased banking services that reduce the likelihood of overdrafts. Other services are being considered to increase the efficiency and accuracy of operations.
6. Reporting schedule – Once a “normal” flow of operations is better determined, a reporting schedule will be developed giving management and the Board sufficient information in a timely manner.

Because of this transition year, administration realizes that 2001-2002 will not be the ideal year. However, results of some of the changes mentioned have already been seen with favorable results. Vast improvements are expected as the fiscal management team is able to implement its plans for the department.

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

STATUS OF PRIOR YEAR FINDINGS

The following is a summary of the status of findings included in the Schedule of Findings and Questioned Costs and management Letter dated December 22, 2000, issued in connection with the examination of the financial statements of the City of Monroe School Board as of and for the year ended June 30, 2000.

Schedule of Findings and Questioned Costs

00-01 Activities Allowed or Unallowed – Counting & Claiming

Monroe City Schools has installed a state-of-the-art computerized school lunch system to include point of service counting. School Food Service managers are receiving continuous training in the area of computerized counting and claiming procedures. School Food Service recently had a follow-up coordinated review effort and was found in compliance. School Food Service personnel will continue to monitor this situation with on-site visits.

00-02 Activities Allowed or Unallowed – Competitive Foods

The City of Monroe School Board passed a policy on Competitive Foods during the year ended June 30, 2001. It is among the first of its kind in the State of Louisiana. The policy provides for appropriate enforcement against schools found to be in repeated violation. Even though one instance of noncompliance was noted in a coordinated review effort conducted by the state department and two instances were noted by the School Board's Child Nutrition Supervisor, during the year ended June 30, 2001, School Food Service personnel are working closely with all schools to ensure compliance with the policy during fiscal year 2001-2002.

00-03 Use of Tax Collections

Funds utilized during the fiscal year ended June 30, 2000 for very short term cash flow borrowing have been redeposited into the respective funds. The district did not use outside financing sources during the year ended June 30, 2001, and again utilized tax collections as a source of short term cash flow borrowing. In the 2001-2002 fiscal year, the School Board has utilized outside financing sources.

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

STATUS OF PRIOR YEAR FINDINGS (CONCLUDED)

Management Letter

1. Compliance with Local Government Budget Act

The administration, in cooperation with the Board, has developed and implemented a three phase deficit reduction plan. On-going monitoring of this plan and review of the system's fiscal position by both the administration and the personnel and finance committees of the Board will continue to ensure the timely adoption of balanced operating budgets.

OTHER SUPPLEMENTARY DATA

This section contains information that is presented as additional analytical data.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>District</u>		<u>Compensation</u>
Victoria Dayton	1	\$	9,600
Tony Cain	2		9,600
Mickey Traweck	3		9,600
Jessie Handy	4		9,600
Curtis Armand, President	5		10,800
Stephanie Smith	6		9,600
Brenda Shelling	7		9,600
			<hr/>
		\$	<u>68,400</u>



John L. Luffey, MBA, CPA
Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Atleberry, CPA
Carolyn A. Clarke, CPA

MANAGEMENT LETTER

**Members of the School Board
City of Monroe School Board
Monroe, Louisiana**

In planning and performing our audit of the general purpose financial statements of the **City of Monroe School Board** (the School Board) as of and for the year ended June 30, 2001, we considered its internal control structure in order to determine our auditing procedures for purposes of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure or overall compliance with laws and regulations.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and the overall environment for compliance with laws and regulations. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated February 4, 2002 on the general purpose financial statements of the School Board.

1. Conference Costs

During the year ended June 30, 2001, five School Board employees attended the 22nd National Institute on Legal Issues conference in Las Vegas, Nevada. The sessions of the conference attended by the employees ran from the afternoon on Monday, May 7, 2001 to the afternoon of Thursday, May 10th. However, the employees flew to Las Vegas on the morning of Sunday, May 6th and returned on the evening of Saturday, May 12th.

From our review of the conference agenda and the flight itinerary, it appears that the attendees could have traveled to the conference one day later and returned at least one day earlier. The cost of the conference to the School Board was approximately \$8,700 with the cost of lodging, meals and tips borne by the School Board for these two days totaling approximately \$1,200 or 15% of the total cost. We believe these costs were spent unnecessarily due to timing of the travel.

Recommendation:

We recommend that the various program directors and the Chief Financial Officer closely monitor not only costs associated with conferences and employee travel but all

**City of Monroe School Board
Monroe, Louisiana
Management Letter**

expenditures of the School Board to ensure that only necessary and reasonable charges are incurred by the Board.

Management's Corrective Action Plan:

Business Department Staff will communicate closely with program directors and all supervisory staff approving travel for District business to ensure that all costs associated with conferences and employee travel is accurate and reasonable. Supervisors and Directors will see that travel modes and arrival times corresponds reasonably to conference schedules. Supervisors and Directors will approve only those travel arrangements that are reasonable and necessary.

2. Compliance with Code of Ethics

Louisiana Revised Statute 42:1121 B states, in part, that no former public employee shall, for a period of two years following termination, render to the agency any service which the former employee had rendered to the agency during his public employment. During our tests of expenditures, we noted that the School Board had paid two former employees \$6,300 and \$1,500 respectively for various management and accounting services. These employees left the School Board in November, 2000 and February, 2001 respectively. In addition, the School Board entered into a contract in May, 2001 with another former employee to provide certain professional services in connection in the conversion to new accounting and payroll software. Subsequent to year end, the School Board paid the contractor \$12,000 toward the contract amount.

Recommendation:

The School Board Should immediately discontinue any contractual arrangements which cause it to be in noncompliance with state law and, in the future, should refrain from entering into such arrangements.

Management's Corrective Action Plan:

The School District entered into a contractual agreement with several previous employees during the 2000-2001 fiscal year. These employees had been with the District for many years and had specific areas of expertise that were not available elsewhere in the District. The decision to use these previous employees was made so that the District could meet certain reporting requirements and to aid in a computer conversion for new staff. The School District has discontinued all contractual arrangements with former employees and will no longer enter into such arrangements.

**City of Monroe School Board
Monroe, Louisiana
Management Letter**

3. Maintenance of Fixed Asset Records

In performing our tests of general fixed assets, we noted that the fixed asset listing was not updated in a timely manner for the acquisition and construction of assets accounted for in the Capital Projects Fund. In addition, we noted that the fixed asset software used by the School Board was not able to produce reports such as a listing of assets by category and date of acquisition which would be very useful to the Board in recording and reporting accurate information regarding its fixed assets. We also noted that the beginning balance of General Fixed Assets had to be restated due to certain assets being reported twice in a previous period.

Recommendation:

We recommend that the School Board maintain accurate records of its fixed assets to include the date of acquisition, the initial cost, the disposition, if any, the purpose of such disposition, and the recipient of the property or equipment disposed of. These records should be continuously reviewed and updated to provide timely and accurate information of the assets owned by the School Board. With the requirement for the School Board to implement GASB Statement No. 34 rapidly approaching, we further recommend that the School Board review the capabilities of its fixed asset software and upgrade, if needed, to ensure that the Board is prepared to provide accurate information required by that statement.

Management's Corrective Action Plan:

The School Board purchased a new accounting software package that has a component to manage and account for the fixed assets. The new system can be integrated with Accounts Payable, which will automate some of the steps, better ensuring that assets purchased by the Board are fully accounted for from the point of purchase. The software takes into considerations the requirements of GASB Statement No. 34. Sufficient staff with appropriate training will be assigned the responsibilities of maintaining the assets of the Board. Construction projects will be monitored closely in order to ascertain at what point the project should be added to the General Fixed Assets Account Group.



(A Professional Accounting Corporation)

February 4, 2002